

**Illinois Department of Revenue  
Regulations**

<b>Title 86 Part 130 Section 130.1952 Sales of Building Materials to a High Impact Business</b>
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**TITLE 86: REVENUE  
PART 130  
RETAILERS' OCCUPATION TAX**

**Section 130.1952 Sales of Building Materials to a High Impact Business**

- a) On and after January 1, 1986, and prior to January 1, 1995, a *retailer who makes a sale of building materials to a High Impact Business ("HIB") may file claims for credit or refund to recover the amount of tax paid under the Retailers' Occupation Tax Act.* (Section 5l of the Act)
- b) Effective January 1, 1995, a deduction from only the 6.25% rate for the Illinois Retailers' Occupation Tax liability exists for gross receipts from retail sales of building materials that will be incorporated into a *HIB location as designated by the Department of Commerce and Community Affairs under Section 5.5 of the Illinois Enterprise Zone Act.* (Section 5l of the Act) Effective June 30, 1995, a retailer may also deduct receipts from such sales when calculating any applicable local taxes. Until June 30, 1995, a retailer may file claims for credit or refund as discussed in subsection (a) to recover the amount of any applicable local tax paid on such sales.
- c) A retailer claiming the deduction must have among its books and records a written statement signed by the purchaser setting out facts which establish the deduction. This purchaser's statement must contain the following information:
- 1) a certification by the purchaser that the building materials being purchased are being purchased for incorporation into a HIB location;
  - 2) a description of the building materials being purchased (this may be done by a cross reference to the retailer's invoice number);
  - 3) the name of the HIB location into which the building materials will be incorporated and, if applicable, the street address of the real estate; and
  - 4) the purchaser's signature and date of signing.
- d) In order to qualify for the deduction, the materials being purchased must be building materials. That is, they must be purchased for physical incorporation into a HIB location. For example, gross receipts from sales of the following can qualify for the deduction:

- 1) common building materials such as lumber, bricks, cement, windows, doors, insulation, roofing materials and sheet metal;
  - 2) plumbing systems and components thereof such as bathtubs, lavatories, sinks, faucets, garbage disposals, water pumps, water heaters, water softeners and water pipes;
  - 3) heating systems and components thereof such as furnaces, ductwork, vents, stokers, boilers, heating pipes and radiators;
  - 4) electrical systems and components thereof such as wiring, outlets and light fixtures which are physically incorporated into the HIB location;
  - 5) central air conditioning systems, ventilation systems and components thereof which are physically incorporated into the HIB location;
  - 6) built-in cabinets and other woodwork which is physically incorporated into the HIB location;
  - 7) built-in appliances such as refrigerators, stoves, ovens and trash compactors which are physically incorporated into the HIB location;
  - 8) floor coverings such as tile, linoleum and carpeting that are glued or otherwise permanently affixed to the HIB location by use of tacks, staples, or wood stripping filled with nails that protrude upward (sometimes referred to as "tacking strips" or "tack-down strips");
  - 9) landscape products such as trees, shrubs, topsoil and sod which are physically incorporated (i.e., transplanted) into the HIB location.
- e) Items that are not physically incorporated into a HIB location cannot qualify for the deduction. For example, gross receipts from sales of the following do not qualify for the deduction:
- 1) tools, machinery, equipment, fuel, forms and other items which may be used by a construction contractor at a HIB location, but which are not physically incorporated into the HIB location;
  - 2) free-standing appliances such as stoves, ovens, refrigerators, washing machines, portable ventilation units, window air conditioning units, lamps, clothes washers, clothes dryers, trash compactors and dishwashers which may be connected to and operate from a building's electrical or plumbing system but which do not become a component of those systems,
  - 3) floor coverings that are area rugs or that are attached to the structure using only two-sided tape.

(Source: Amended at 22 Ill. Reg. 21642, effective November 25, 1998.)